

Micro Enterprises Promotion in Andhra Pradesh: An Ngo Study

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Received: 03/05/2016

Revised: 09/05/2016

Accepted: 11/05/2016

ABSTRACT

Micro Finance has been recognised and accepted as one of the new development paradigms for alleviating poverty through social and economic empowerment of the poor with special emphasis on empowering women. Microfinance, by definition, refers to the entire range of financial services rendered to the poor and including skill up gradation, entrepreneurial development that would enable the m to overcome poverty. Various Self Help Promoting Institutions and Non-Government Organisations have been recognized as an entity in the micro finance concept specially in providing credit plus services. NGOs, which were initially confined to the social aspects of development, were enlarged to help the poor and weaker sections of the rural society in their economic pursuits. The Self Help Promoting Institutions are agencies which help the poor to organize themselves into groups, help them in their organizational, managerial and financial matters and in upgrading their skills and in some cases, in countering pressures from vested interests. There have been a wide variety of Self Help Promoting Institutions in the SHG movement in the country ranging from government agencies to the NGOs, Farmers Clubs, banks and Individual Rural Volunteer.

Key words: Micro Finance, NGOs, Self Help Promoting Institutions.

INTRODUCTION

Micro Finance has been recognised and accepted as one of the new development paradigms for alleviating poverty through social and economic empowerment of the poor with special emphasis on empowering women. Microfinance, by definition, refers to the entire range of financial services rendered to the poor and including skill up gradation, entrepreneurial development that would enable the m to overcome poverty. ^[1] Various Self Help Promoting Institutions and Non-Government Organisations have been recognized asanentity in the micro finance concept specially in providing credit plus services. NGOs, which were initially confined to

the social aspects of development, were enlarged to help the poor and weaker sections of the rural society in their economic pursuits. ^[2] In Andhra Pradesh, many NGOs acting as Self Help Promoting Institutions, who had promoted and nurtured SHGs, have been permitted to open Mutually Aided Cooperative Societies (MACS) and take care of all financial pursuits of their own SHG sandal so imbibe SHG member stop romote different Income Generating Activities / MEs (Micro Enterprises). ^[3]

METHODOLOGY

The NGO's are agencies which help the poor to organize themselves into groups, help them in their organizational,

managerial and financial matters and in upgrading their skills and in some cases, in countering pressures from vested interests. There have been a wide variety of Self Help Promoting Institutions in the SHG movement in the country ranging from government agencies to the NGOs, Farmers Clubs, banks and Individual

Rural Volunteers (IRVs).^[4] In the State of Andhra Pradesh, the SHG movement has been mainly driven by the Government agencies. About 96 per cent of the SHGs formed in the state are by the DRDA (District Rural Development Agency), IKP (Indira Kranthi Patham) and other Government agencies (Table-1).

Table 1: Self help promoting institutions in Andhra Pradesh and in India

Number of SHGs promoted by	India		Andhra Pradesh	
	No.	% total	No.	% total
Government Agencies	1312390	50.74	557105	96.09
Banks	140120	5.42	2381	0.43
NGOs	1118817	43.26	20148	3.48
Farmer Clubs	14019	0.54	114	0.0
Individual Rural Volunteer	911	0.04	-	-
Total	2586257	100	579748	100

State as an SHPI-Role of DRDA & IKP

The IKP Project and the DRDA are the major SHPIs in the State of Andhra Pradesh. The Project is managed by the SERP, an autonomous Society registered under the societies act along with DRDA. The SERP combines the authority and accountability of the government and operational flexibility of an NGO. The institutional model under the project has focused on formation and strengthening of SHGs for addressing the rural poverty. The major role played by the State Government is given in the following paragraphs. The IKP has so far promoted 1, 85,446 new SHGs and strengthened 2, 86,414 old SHGs covering a total of 45.35 lakh poor household. The project staff facilitates linkage of SHGs with the banks under the SBL Programme of NABARD. They also help the bank in recovery of loans. In order to sustain the large number of SHGs formed in the State, Government of Andhra Pradesh has promoted federations of SHGs at the village level (VOs) and Mandal level (MSs) under the IKP Project. A three tier, Zilla Samakhya, is also in the evolutionary process. The SHG federations are intended to take over the function of capacity building of existing SHGs, formation of new SHGs, audit, maintaining quality standards, resource support to SHGs etc. The federations are

being registered under the APMACS Act, 1995.

Capacity building and training

In order to meet the capacity building needs of the SHGs, Voluntary Organisations and Mandal Samakhya, as also Mandal Training Centres in 729 project Mandals and 22 Training and Technology Development Centres (TTDCs) in all the district head quarters have been established. So far, 2, 52,687 SHGs have received first level training where as 1, 52,894 SHGs have received the subsequent series of formal training including capacity building in health, gender and livelihood sectors. The articulate and resourceful women from SHGs are identified and are developed as Community Resource Persons, Community Activists, Livelihood activists, health activists etc. This cadre is utilized in organizing new SHGs, revival of dormant/ defunct SHGs, facilitation of regular SHG meetings, savings, trainings, identify/train book keepers, prepare micro credit plans and facilitate SHGs and VOs to adopt social agenda.

The study observed that out of a total of 56 sample SHGs, 75 percent of SHGs received one or other sorts of training. About 25 per cent of SHGs had not received any sort of training. Age-wise, older SHGs (71%) received more training on IGAs as compared to recently

formed SHGs (49% for SHGs of 4-6 years old and 27% of SHGs of three year old). About 81 per cent of SHGs reported that the training received by them is quite

useful. Similarly, about 20 percent of SHGs reported that training is very much useful for the day to day operations (Table-2).

Table 2: Capacity building through training of sample SHGs (percentage)

Particulars on Training	SHG Age(years)			Overall
	Up to3	4-6years	7 &above	
I. SHGs received training	66.0	80.3	100.0	75.0
(ii) Training on SHG Orientation	48.0	31.3	28.6	55.0
(iii) Training on Orientation &IGAs	27.0	49.0	71.4	20.0
II.SHGs received no training	34.0	20.7	0.0	25.0
Total(I+II)	100.0	100.0	100.0	100.0
Effectiveness of Training				
Useful	57.8	89.0	62.6	71.9
Very Useful	32.4	9.0	35.4	21.8
Not Useful	9.8	2.0	2.0	6.3
Total	100.0	100.0	100.0	100.0

Promotion of IGAs and Microenterprises

Under the IKP project, assistance is provided out of Community Investment Fund (CIF) to the SHGs, VOs and MSs to support a wide range of activities such as agriculture, animal husbandry, nonfarm, commodity marketing and food security etc. Social development activities such as health, education, nutrition, creation of infrastructure such as drying platforms, procurement centers, weighing scales, etc. are also provided from CIF. The IGA component of CIF are provided to MSs as revolving fund and are treated as corpus of MS. Lending from MS to VO and VO to SHG carry interest rates with interest differential at each tier. The VOs are required to repay CIF amount to the MS in 100 equal monthly installments and the

SHGs will repay to the VO in 50 equal monthly installments. The members will pay to the SHG in 20 monthly installments. This arrangement is expected to accumulate capital, re-lend to the members and to meet their cost of operation from interest margin. As per guidelines, 50 per cent of the funds under CIF are planned to be provided for agri-allied activities, around 25 per cent is for non-farm and 15 per cent for direct agriculture activities. CIF has played major role in improving the livelihoods of the poor. Major interventions through commodity marketing by communities-red gram procurement in Mahbubnagar and Ranga Reddy, soyabean procurement in Adilabad, NTFP sin tribal parts of the state, cultivation in Adilabad have been possible due to CIF.

Table 3: Role in promotion of igas /micro enterprises among shg members

SHPIs	Role in Promotion of IGAs/Micro enterprises among SHG Members					
	Forming SHGs	Capacity Building*	Tng. on IGAs/MEs	Promoting IGAs	Launched MFIarms	Product Marketin
DRDA-IKP	√	√	√	√	√	√
RRB	√					
Farmers' Clubs	√					
NGOs						
PSS	√	√		√	√	
LMPSS	√	√	√	√	√	√
MARI	√	√		√	√	
RASS	√	√				
GRAM	√	√	√	√	√	√
DHAN Foundation	√	√	√	√		√

*capacity building activities include training on SHG orientation, leadership qualities, financial management, book keeping, laws of MACS and federation, preparing Business Development Plans, MIS, etc.

Market Promotion through DWCRA Bazaars

DRDAs have built marketing infrastructure for marketing of the products produced by SHG women in

major districts of the state. The study districts had the DWCRA bazaars. The shops built in the bazaars are only given to the SHG women on a reasonable rent. Some shops are also given jointly to two

or three SHGs for marketing their products together. DRDAs also organize marketing melas in state /district head quarters to facilitate the marketing of the products of SHG women. The role of various SHPIs in facilitating SHG members in taking up IGAs/MEs in different ways shows that presence of DRDA is more in all spheres compared to NGOs and other SHPIs (Table-3).

RRBs as Self Help Promoting Institution

NABARD has been encouraging RRBs to take up promotion and nurturing of SHGs and has been providing part financial assistance to them for the purpose since 1999. In Andhra Pradesh, Sri Venkateswara Grameena Bank, Chittoor, Sri Saraswathi Grameena Bank, Adilabad, Sri Rama Grameena Bank, Nizamabad and Sri Anantha Grameena Bank, Anantpur district have acted as SHPIs and promoted, nurtured and provided linkage to 2,196 SHGs. Though the groups were formed by RRB, after the advent of IKP all the groups have come under the umbrella of the IKP project and the SHGs are being taken care of by IKP-DRDA.

Farmers Clubs as Self Help Promoting Institutions

The Farmers Clubs had also functioned as promotional agencies in forming SHGs and facilitating linkage with the banks. Farmers Clubs have promoted a total of 114 SHGs in the state. However, their role is limited to formation of SHGs after which the SHGs come under the IKP-DRDA.

NGOs as Self Help Promoting Institutions

NGOs have played supporting role information, nurturing of SHG groups in the state. There are still a few regions in the State where NGOs are also involved in the strengthening of SHG movement in the state in addition to the DRDA-IKP. NGOs take care of SHGs through a network of village book keepers, field organizers, coordinators etc. SHG

federations have been formed and have been registered as MAC societies. Some NGOs have also formed MFI arms for providing loans to SHG members by availing funds from public / private sector banks such as Indian Bank, IOB, ICICI, HDFC, ING Vysya, etc. The individual members of SHGs are provided loans in the range of Rs.5,000 to Rs.50,000 with the guarantee of the SHGs. The activities of major NGOs in the districts of Chittoor, Nizamabad and Warangal districts in the area so micro finance are given in the following paragraphs.

Pragathi Sevasamiti

Pragathi Seva Samiti (PSS), is operating in six drought prone mandals comprising 129 villages in Warangal district. It has organized 2,700 SHGs covering 48,600 women. It has also facilitated information of 30 MACS in its operational area covering 21,200 SHG members. It has also established the Pragathi Micro Finance Institution in 2004 to provide micro finance to the MACS established by them. As claimed by PSS, more than 50 per cent of the loan from the MACS is being utilized for Microenterprises. PSS provides insurance services to the members by partnering with Healing Fields, Royal Sundharam, etc. In partnership with CARE for the CASHE program, PSS has strengthened the SHGs through regular capacity building activities, leadership qualities, financial management, book keeping, laws of MACS and federation, preparing Business Development Plans, MIS, etc. Training has been provided to women on IGAs such as tailoring, type writing, candle making, etc.

Lodi Multipurpose Social Service Society

Lodi Multipurpose Social Service Society (LMSSS) operates in 800 villages of 35 mandals of Warangal and Karimnagar districts. It has formed 5,345 SHGs with a membership of 79,550. It has also formed 95 physically disabled groups with 570 members. The NGO has

assisted 3,100 families to take up several IGAs/MEs such as jute bag making, STD booth, bangle shop, horticulture, vermin compost, neem seed collection, tamarind collection, milch animals, etc. About 40 members have been provided training on the banana fibre extraction with financial support from NABARD. It has facilitated information of 20 MACS and all the MACS have been federated at mandal level and Sri Mahila Paraspara Sahayaka Sangha has been formed covering 3,360 SHG members.

Modern architects of rural India

Modern Architects of Rural India (MARI), implementing the CASHE of CARE, has formed 1,366 SHGs consisting of 19,313 members covering 141 villages in Warangal District. It has facilitated information of 14 cluster level MACS of SHG and registered the under the APMACS Act, 1995. An apex level MACS named 'Sanghatitha Mahila MACS Federation' has been formed to provide financial services to the SHGs. The NGO has established the system of Village Book Keepers for writing the books of SHGs. It conducts training programmes for the SHG members, book keeping systems, training for the MACS leaders. MARI has also tied up with insurance companies like Royal Sundaram for providing insurance cover to its members.

Rashtriya Sevasamiti

Rashtriya Seva Samiti (RASS) in Chittoor district has its presence in over 2,000 villages in Andhra Pradesh, Orissa, Tamil Nadu and Delhi. RASS operates micro finance activities under the banner of RASS Mahila Pragati. RASS has promoted Sri Padmavathi Mahilabhydaya Sangham, a federation of women's SHGs in 1992. It has also established a Capacity Building Institute for Micro Finance in partnership with CARE-CASHE for providing training in SHG concepts and management, financial management, delinquency management etc. to the stakeholders under the micro finance

programme. It also implements the Support to Training and Employment Programme (STEP) in collaboration with Department of Women and Child Development (DWCD), GoI to provide technical skill to members of SHGs in dairy activity and also to organize women into small activity groups for taking up production of dairy fodder, milk collection, marketing and veterinary services.

GRAM

Gram, a registered development organization operating in Nizamabad and Adilabad districts of Andhra Pradesh, has promoted SHGs and has facilitated in formation of 15 mandal level MACS of SHGs in Nizamabad district and 5 in Adilabad district with a membership of 42,000 members. The 15 mandal level MACS in Nizamabad district have been federated at the district level and Indur MACS federation has been formed covering 2,528 SHGs with a membership of 31,626. Indur MACS Federation is accessing financial support HDFC Bank, ABN Amro Bank, BASIX, FWWB etc. for on-lending to MACS and SHGs. For enhancement of livelihood opportunities to its SHG members, the Federation has promoted 'Intideepam dairy' with an investment of Rs.5 lakh with the technical support from NDDB.

Dhan Foundation

Development of Humane Action (DHAN) Foundation was formed on 2 October 1997 as a trust under the Indian Trust Act with a mission of 'building institutions for development innovations and up scaling for impacting the livelihoods to enable poor communities'. It has operational presence in four states of the country including 3 districts in Andhra Pradesh. It has promoted around 3,000 SHGs in Andhra Pradesh with 50,000 members. Under a collaborative project with DRDA, Chittoor, the foundation had taken up a project for reviving, rebuilding and strengthening of

DWCRA groups in Kuppam and Gudipalli mandals of Chittoor district.

CONCLUSION

DRDA is the major Self Help Promoting Institutions in the State. Though in the initial stages, banks (particularly RRBs and a few DCCBs) and NGOs had acted as SHPIs, after the launch of the Velugu (presently IKP) by State Government, all the groups in the State had come under the umbrella of DRDA with the groups taken care of by various DRDA functionaries, i.e., Area Coordinators / Community Coordinators, MBKs, Community Activists etc. Even, under SGSY, no new groups are formed and old groups with two / three link ages are slated for financing under SGSY. The DRDA is focusing on capacity building of the SHG federations in the State. In order to meet the capacity building needs of the SHGs, VOs and MSs, as also Mandal Training Centres in 729 project mandals and 22 TTDCs have been established. Out of a total of 56 sample SHGs, 75 per cent of SHGs received one or other sorts of training. About 25 percent of SHGs had not received any sort of training.

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How to cite this article: Kotte P. Micro enterprises promotion in Andhra Pradesh: an NGO study. Int J Res Rev. 2016; 3(5):1-6.
